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March 26, 2004

John G. Aubrey, Jr., Ph.D.
Chairman Emeritus
Academy of Medical Art & Sciences
Business Solutions for Medicine
10455 N. Central, Suite 109-131
Dallas, Texas 75231

Dear Dr. Aubrey,

We are responding to your recent correspondence to Miles White on behalf of Business Solutions for Medicine regarding the recent re-pricing of Norvir® (ritonavir). Abbott appreciates your taking the time to contact us and we value your input.

Regrettably, your letter contains considerable misinformation about the re-pricing action and we would like to take the opportunity to provide you with the facts.

Your letter inaccurately states that Norvir's "increase largely gets passed directly to the patient."

In fact, there is little if any, direct impact to the patient. Abbott has taken extraordinary measures to ensure that patients who need Norvir will have access to it. AIDS Drug Assistance Programs (ADAPs) and Medicaid, which provide HIV drugs to uninsured and underinsured patients, are not impacted by the re-pricing.

- Unlike other companies in this area, Abbott has permanently frozen Norvir soft gel capsules at its previous price of \$1.71 per 100 mg dose for ADAPs, and is the only company to take such a step with one of its drugs. ADAPs provide medication for 20 percent of U.S. AIDS patients.
- Abbott is also the first in the industry to eliminate income requirements for its Patient Assistance Program to ensure that all HIV patients without prescription drug coverage or public assistance can receive Norvir free, regardless of financial status.

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- Further, Abbott offers Norvir free to patients who exceed their annual drug coverage maximum, or who are on ADAP waiting lists.

You write that "many times, the patient is responsible for a single co-pay for an HIV drug prescription" and that Norvir's price increase "is potentially serving to empty the wallet of seriously, critically and/or terminally ill HIV/AIDS patients relying upon Norvir as part of their HIV drug cocktail."

Co-payments and premiums for HIV patients with private insurance receiving Norvir remain unchanged, to our knowledge.

- Antiretrovirals comprise 1.5 percent of the nation's private payer pharmacy budget, and at its new price, Norvir accounts for less than .1 percent of this budget.
- Abbott has committed to making a 30-count bottle available to patients as soon as possible, in addition to the 120-count bottle available today. This should address patients with co-insurance who have experienced an increase in their initial out-of-pocket expenses at pharmacies (representing less than 5 percent of privately insured patients). These patients typically have out-of-pocket caps at \$1,500 to \$2,500, well below the cost of HIV medicines. We are also addressing this issue on a case-by-case basis through our Patient Assistance Program.

It is important to note that Abbott is not aware of *any* patient who has gone without Norvir as a result of the re-pricing. Any patient you are aware of, who does not have access to Norvir should contact Abbott directly at 1-800-222-6885. We will take immediate steps to work toward resolving the situation.

You write that the Norvir re-pricing "raises questions in [your] mind if indeed Abbott has infringed upon regulations set forth in anti-trust legislation." In the same vein, you further note you have "discovered the Attorneys General of New York and Illinois have launched criminal investigations into this pricing practice at Abbott."

In fact, Abbott is in full compliance with both federal and state competition laws. Abbott is cooperating with Attorneys General who have questions about the re-pricing of Norvir.

Keep in mind that at its most commonly used dose (100 mg), Norvir remains most often the lowest-cost component of HIV treatment regimens. Its boosting properties are truly unique as it makes other components of the HIV regimen more effective. Perhaps given your concerns about the cost of therapy, you should also look at these high-cost components of HIV regimens and the respective cost of their daily dose.

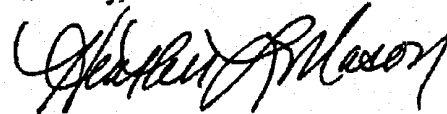
Additionally, in order to properly analyze this issue, one would hope that you would look at the full spectrum of HIV drugs and their respective clinical value to patients compared to Norvir, and how their pricing reflects this value. We believe the focus of criticism should properly be on companies who introduce new drugs at premium prices with limited patient benefit. Some of these drugs represent only moderate improvements or reformulations of older medications.

At \$8.57 per day, the cost of its most commonly used dose, Norvir has an appropriate clinical value/cost ratio in our opinion. By comparison, other new protease inhibitor drugs, such as Lexiva® (GlaxoSmithKline) and Reyataz® (BMS), both of which Norvir makes more effective – are priced at \$19 to \$33.50 per dose.

Abbott is proud of its 20-year history of pioneering contributions in HIV therapy. We will continue on this path of excellence as we pursue the next generation of protease inhibitor therapies.

We hope that you will use these facts to help correct any other misinformation.

Sincerely,



Heather L. Mason
Vice President, Pharmaceutical Specialty Operations
Abbott Laboratories

cc: The Honorable Tommy G. Thompson
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